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ABSTRACT

Factors that will determine the impact on proprietary schools in this research report are examined, including: modification in Federal student grant programs; competition with higher education; new career training demands; increased regulation of proprietary schools; and inflation. A short-range assessment of impact is undertaken in this study. The conclusions are: (1) Most proprietary schools do not compete for students directly with colleges. (2) Few proprietary schools are presently in a position to attract federally-assisted, low-income students who might otherwise attend collegiate institutions. (3) The proprietary schools' greatest potential impact may result from their ability to divert Federal assistance, not students, from collegiate institutions. (4) Private and public four-year institutions will become subject to increased pressures for the expansion or establishment of comprehensive sub-baccalaureate degree occupational programs. (5) Collegiate institutions must explore alternatives to the duplication of proprietary school programs if they are to minimize impact. (LBH)

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THE PROPRIETARY SCHOOL

Assessing Its Impact on the Collegiate Sector

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THE PROPRIETARY SCHOOL

Assessing its Impact on the Collegiate Sector

by

J. Michael Erwin

Center for the Study of Higher Education
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February 1975

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I. RECOGNITION OF THE PROPRIETARY SCHOOL AS A SEGMENT OF POSTSECONDARY EDUCATION

Although proprietary occupational schools have existed in America since the Colonial Period, it was not until 1972 that they became "recognized" components of postsecondary education. The Education Amendments of that year made students in profit-making schools eligible for forms of federal financial assistance previously available only to students in public and private institutions. The Amendments thus provide low- and middle-income students with greater access to the schools, making the relatively expensive proprietary institutions a more viable alternative to collegiate attendance for young adults. While many proprietary schools remain ineligible to enroll financially-assisted students because they lack accreditation or offer training lasting less than six months, another act of Ninety-Second Congress facilitates the movement of the proprietary school from the periphery of postsecondary education to a point somewhat nearer the mainstream.

The Education Amendments of 1972 mandate the establishment of comprehensive statewide planning bodies, "1202" commissions. The commissions, already active in most states, are to be "broadly and equitably representative of the general public and public and private nonprofit and proprietary education in the State."[1] Proprietary institutions will, therefore, no longer be excluded from the planning process and prevented from protecting and advancing their own interests relative to the statewide delivery of occupational education.

Recognition[2] of the proprietary school has thus resulted in the strengthening of a system seen by many as competing with collegiate institutions. Lyman Glenny predicts that perhaps the most significant trend affecting higher education in the 1970's will be the increasing tendency for a young adult to attend proprietary and industrial schools rather than traditional institutions.[3] The literature of higher education is, in fact, devoid of assertions that proprietary schools will have little or no impact on higher education.

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1. United States Congress, Senate, Education Amendments of 1972, May, 1972, p. 89.

2. "Recognized" is used in this study to refer to those accredited or approved schools eligible to participate in federal financial aid programs.

3. Lyman A. Glenny, "The '60s in Reverse," The Research Reporter, vol. 8, no. 3(1973), p. 3.

Whatever their future impact may be, it is unlikely that the recognition of proprietary schools has yet had any significant impact on collegiate institutions. The low dollar value of the average Basic Education Opportunity Grant (BEOG) suggests that the grants have increased access to proprietary schools for very few students. Likewise, it is improbable that the newly formed 1202 commissions have effected changes in statewide planning that will greatly benefit proprietary schools. Therefore, whatever impact the schools may have on collegiate institutions lies in the future rather than in the present.

Factors Affecting the Future Impact of Proprietary Schools

Several factors will influence the impact proprietary schools have on collegiate institutions. To some extent, those factors obfuscate rather than clarify the probable impact of the schools.

1. Modifications in Federal Student Grant Programs

The value of federal student grants seems likely to increase as the federal government moves more completely to the concept of post-secondary education as a "free marketplace." Just as changes in the level of funding may increase their viability as a form of assistance, new regulations for the programs promise to increase the eligibility of proprietary school students.

The new regulations governing the operation of the Basic Educational Opportunity Grant (BEOG) and the Supplemental Educational Opportunity Grant (SEOG) redefine "full-time students" and "clock hours of study" to facilitate greater involvement in the programs by students in occupational programs.[4]

While the new regulations seem likely to help proprietary schools enroll more financially-assisted students, the regulations also contain provisions which, if enforced, could prevent many institutions from enrolling eligible students. Institutions must, according to the BEOG provisions, enroll as regular students only those persons having a high school degree or its equivalent.[5] Since many proprietary schools enroll students who have not completed high school,[6]

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4. Higher Education Daily Supplement, Nov. 8, 1974, p. 1; October 24, 1974, p. 1.

5. Ibid., November 8, 1974, p. 4.

6. A. Harvey Belitsky, Private Vocational Schools and Their Students: Limited Objectives, Unlimited Opportunities (Cambridge, Mass.: Schenkman Publishing Co., Inc., 1969), p. 28.

the schools may have to raise their admission requirements if they are to enroll the assisted student. Because such a move would eliminate an important segment of their traditional clientele, the schools may choose not to meet the standards set by the regulations.

2. Competition with Higher Education

Glenny has observed that much of the growth that is occurring in higher education is being absorbed by the community college.[7] The contribution of occupational programs to increasing community college enrollment appears not to have gone unnoticed. A recent survey by the American Association of State Colleges and Universities reveals that 40 percent of its three-hundred-seventy member institutions report offering one- and two-year programs, many of them occupational.[8] To bolster sagging enrollments, other institutions have undertaken vigorous recruitment efforts, liberal student retention policies, and a reduction in the rigor of course content.[9] In short, it appears that many institutions are preparing to compete for students who form the proprietary school's traditional clientele.

At the same time, as Wellford Wilms points out, many proprietary schools are bidding for "respectability" in order to attract more students and more federal funds. In so doing, they have become interested in attaining degree-granting status.[10] Not only are such schools placing themselves more directly in competition with collegiate institutions, but, to the extent that degree-granting status is dependent upon adding general education courses to their completion requirements, the schools may be abandoning the emphasis on job-related training which their students see as making these schools more desirable than collegiate institutions.

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7. Lyman A. Glenny, "Pressures on Higher Education," College and University Journal (Sept., 1973) 12:7.

8. Beverly T. Watkins, "Student Demands for 'Practical' Education are Forcing Major Changes in Curricula," Chronicle of Higher Education, Nov. 26, 1973.

9. Stephen J. Trachtenberg and Lawrence C. Levy, "In Search of Warm Bodies," Change (Summer, 1973) 5:54,57; Susan Greenblatt, "Cooling-In: A Legitimate Function of the University," Liberal Education (Dec., 1973) 59:465-70.

10. Wellford W. Willms, "Proprietary and Public Vocational Students," ERIC Research Currents in College and University Bulletin (March, 1974) 26: 3.

Collegiate institutions and proprietary schools are being prevented in some states from moving toward what may be mutually destructive competition. Some state legislatures and statewide coordinating agencies are already calling upon public institutions to complement rather than duplicate local proprietary programs.[11] As proprietary schools become increasingly involved in the statewide planning process, it is probable that they too will be subject to pressures preventing their duplication of collegiate programs.

3. New Career Training Demands

It has been stated that only 20 percent of all jobs require a bachelor's degree, yet up to 65 percent of all young people enter higher education.[12] As the Carnegie Commission on Higher Education points out, the labor market may soon be unable to absorb the large number of college graduates.[13]

As the nation moves toward the post-industrial age, career requirements are expected to change so rapidly that persons in virtually all vocations will face eventual job obsolescence.[14] Postsecondary education will increasingly be called upon to reeducate and retrain workers. These new career training demands seem to have a mixed effect in relation to the potential impact proprietary schools may have on collegiate institutions. On the one hand, proprietary schools, because they can respond more quickly to changing technology, may play a highly significant role in retraining adults. On the other hand, because proprietary schools have traditionally trained their students in those skills necessary for entry-level job competence, the future may well see proprietary schools assuming more responsibility for "basic" occupational training and retraining while collegiate institutions focus on continuing education and higher level training.

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11. David A. Trivett, Proprietary School and Postsecondary Education (Washington, D.C.: American Association for Higher Education, 1974), p. 1.

12. Carnegie Commission on Higher Education, New Students and New Places (New York: McGraw-Hill, 1971), p. 3.

13. Carnegie Commission on Higher Education, Priorities for Action: Final Report of the Carnegie Commission on Higher Education (New York: McGraw-Hill, 1973), p. 6.

14. Ray Amara, "An Overview on the Social Responsibility of Business," A Look at Business in 1990 (Washington, 1972), p. 81.

4. Increased Regulation of Proprietary Schools

In 1966 only nineteen states had laws regulating the operations of proprietary schools.[15] By 1973, the number had more than doubled to forty-one.[16] The Education Commission of the States has been instrumental in developing model legislation covering both the educational and business conduct of proprietary schools.[17] The possible effects of increased regulation on proprietary schools may be profound. In Indiana where regulation was begun in 1972, 276 institutions have been forced to close because they could not meet the criteria set forth by the state regulatory agency.[18] The executive director of that agency, Joseph Clark, stated that public institutions in Indiana could be "jumped on" for the same violations that caused the closing of the proprietary schools.[19]

That proprietary schools are being more carefully monitored than collegiate institutions is reflected in the Federal Trade Commission's (FTC) proposed rules relating to the operation of proprietary schools. The FTC's rules would require the schools to back their placement claims with the names, addresses, and phone numbers of employers; to disclose the drop-out and placement rates of the previous class; to allow the newly signed student a ten-day "cooling-off" period in which he could change his mind about attending the school without being obligated to pay tuition; and to prorate tuition refunds. While no attempt has been made to assess the extent to which collegiate institutions practice the first three policies, a recent study has shown than accredited proprietary schools already practice more nearly consumer-oriented refund policies than do public community colleges and private junior colleges.[20] Unless collegiate institutions are soon required to comply with similar standards, much of the competitive

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15. Harold F. Clark and Harold S. Sloan, Classrooms on Mainstreet (New York: Columbia University Teachers College Press, 1966), p. 25.

16. H. H. Katz, A State of the Art Study on the Independent Private School Industry in the State of Illinois (Springfield, Ill: State of Illinois Advisory Council on Vocational Education, 1973), p. 43.

17. Education Commission of the States, Coordination or Chaos (Denver, 1973), pp. ii-iii.

18. Jack Magarrell, "Consumers of Education are Said to Need Protection Against Fraud," Chronicle of Higher Education, Sept. 10, 1973.

19. Ibid.

20. J. Michael Erwin, "Tuition Refund Policies in Two-Year Colleges and Proprietary Schools" (unpublished draft of testimony presented for Federal Trade Commission hearings, 1974).

edge that proprietary schools may have had in attracting occupational students will swing over to collegiate institutions.

5. Inflation

Barring implementation of financing proposals which would require students in public institutions to assume a greater proportion of the cost of their education, inflation seems likely to increase the gap between the tuition charges of public and proprietary institutions. Because proprietary schools are dependent for their support almost entirely on student tuition, student tuition will have to be increased in order to maintain a profit. For public institutions, however, at least some of the effects of inflation on educational cost will be subsidized by tax monies.

Focus of the Study

Warnings that proprietary schools will have a substantial impact upon collegiate institutions can be neither accepted nor rejected on the basis of the preceding review. It seems clear, however, that educators must choose between responding to the proprietary school "threat" as an imminent reality or ignoring it as reactionary speculation. In the sections that follow, an attempt is made to assess the probable impact of proprietary schools based on data relating to the schools, their students, and their present competition with collegiate institutions. Differing views of the proprietary school's impact are postulated which suggest differing collegiate sector responses. The probable impact of the schools is assessed in relation to patterns and levels of future federal financing of postsecondary education.

It should be noted from the outset that a short- rather than a long-range assessment of impact is undertaken in the study. The temptation to assess impact beyond the year 1980 was resisted because 1980 probably represents the end of the critical period for the response of collegiate institutions to whatever threat proprietary schools may present. If the threat is real and if educators respond to it wisely, the threat will largely disappear by 1980. If, on the other hand, wisdom does not prevail, 1980 may well be too late for effective response.

II. PROPRIETARY SCHOOLS: THEIR PROGRAMS AND STUDENTS

The major constraint in assessing the future impact of proprietary schools on traditional higher education is, perhaps, our lack of knowledge about the schools. The National Commission on the Financing of Postsecondary Education[21] reports that "no reliable figures on the distribution of students by age or sex or programs nor . . . figures indicating changes in enrollment . . ." exist for the schools.[22] In short, so little is known about the schools that it is difficult to assess how their participation as a recognized sector of postsecondary education will affect other sectors. In the absence of data of the scope and quality that the National Commission indicates are still forthcoming, it is necessary to rely upon limited data or to use no data at all in assessing probable impact. Recognizing the limitations of those data, the discussion that follows uses existing data to construct a typology of proprietary schools based upon the nature of the schools and the extent to which they compete with collegiate institutions.

Clark and Sloan, in the mid-sixties, estimated that there are 35,000 proprietary schools in the United States.[23] That figure includes schools that teach everything from ballroom dancing to ventriloquism. Because many of those schools are not occupationally oriented, are not postsecondary in course level, and are not accredited, they are unlikely to have any significant impact on collegiate institutions either now or in the immediate future. For the purposes of this study, the term "proprietary school" will be used as synonomous with "proprietary occupational school."

The National Center for Educational Statistics (NCES) provided the National Commission with data for 1970-71 revealing that a total of 5019 proprietary schools offer postsecondary occupational programs in the United States.[24] It is significant to note that the National Commission's definition of postsecondary education includes only those institutions that are

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21. Hereafter referred to as the National Commission.

22. The National Commission on the Financing of Postsecondary Education, Financing Postsecondary Education in the United States (Washington, D.C.: U.S. Government Printing Office, 1973), p. 16.

23. Harold F. Clark and Harold S. Sloan, Classrooms on Mainstreet (New York: Columbia University Teachers College Press, 1966), p. 32.

24. National Commission, Financing Postsecondary Education, p. 17.

"accredited by agencies officially recognized for that purpose by the U.S. Office of Education or are otherwise eligible to participate in federal programs."[25] Therefore, the 5019 proprietary schools constitute the total number of schools recognized by the Education Amendments of 1972.[26] Since that number may increase as other schools gain accreditation or approval, this examination will not be limited to "recognized" proprietary schools.

The National Commission reports that, in addition to proprietary schools, some 1997 public, nonprofit, sectarian, and nonsectarian institutions provide postsecondary learning opportunities that are of a "noncollegiate" nature.[27] In all, then, the noncollegiate sector of postsecondary education was, in 1971, comprised of 7016 institutions enrolling an estimated 1.6 million students.[28] The enrollment of proprietary schools is not provided separately but is subsumed in the noncollegiate total.

Other NCES data, more recently released, do not identify institutions by their control, i.e., proprietary, nonprofit, etc., but do give the total number of institutions by type of training and by accreditation status.[29] In order to arrive at an estimate of the number of proprietary schools by institutional type and by accreditation or approval status, the percentage of proprietary schools within each institutional type was obtained from the earlier NCES data and then multiplied by the total number of schools of that type given in more recent NCES data.

As shown in Table 1, there are an estimated 9747 proprietary schools in the United States. That total is approximately 12 percent larger than Belitsky's estimation of the 1966 number of proprietary schools, 7071.[30] Both the total presented here and Belitsky's figure are well below the

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25. Ibid., p. 20.

26. Ibid., p. 17.

27. Ibid.

28. Ibid., p. 16.

29. Dorothy M. Gilford, "The Noncollegiate Sector: Statistical Snapshots of Adult and Continuing Education." (Paper delivered at the twenty-ninth National Conference on Higher Education, American Association for Higher Education, Chicago, Illinois, March 11, 1974), p. 16.

30. A. Harvey Belitsky, Private Vocational Schools and Their Students: Limited Objectives, Unlimited Opportunities (Cambridge, Mass.: Schenkman Publishing Co., Inc., 1969), p. 9.

TABLE 1

Estimated Number of Proprietary Schools Within the Noncollegiate Sector by Institutional Type -- United States

Type of School	Number of Proprietary Schools	Percent of All Types	Number of Noncollegiate	Proprietary as a Percent of Noncollegiate
Technical/Vocational	586	7.4	1422	41.2
Technical Institutes	190	2.4	362	52.5
Business/Commercial	1632	20.5	1679	97.2
Cosmetology	2433	30.6	2443	99.6
Flight	1861	23.4	1880	99.0
Trades	923	11.6	1082	85.3
Correspondence	152	1.9	155	98.1
Hospital	52	.7	1266	4.1
Other	118	1.5	265	44.5
Total, All Types	7947	100.0	10554	75.3

Source: National Commission on the Financing of Postsecondary Education, Financing Postsecondary Education in the United States, 1973, p. 17 and Gilford, Dorothy M., "The Noncollegiate Sector: Statistical Snapshots of Adult and Continuing Education," 1974, p. 16 (Using 1971 data from NCES).

estimate of 10,000 schools that is so common in the literature.[31] The reliability of that total can, however, be questioned since the enrollment attributed to the 10,000 schools ranges from 3.3 million students to 9 million students.[32] Since a total of 7947 would require an annual growth of only three percent in the number of schools Belitsky estimated, the estimation presented here is probably reasonably accurate.

Table 1 shows that business/commercial, cosmetology, and flight schools are by far the most numerous of the proprietary schools. Their totals, in fact, account for 74.6 percent of all proprietary schools. They, along with correspondence schools and, to a lesser extent, trade schools comprise the vast majority of noncollegiate institutions offering their particular types of training. For example, proprietary cosmetology schools account for 99.6 percent of all cosmetology schools. On the other hand, only 41.2 percent of the noncollegiate technical/vocational schools are proprietary as are just 54.5 percent of the technical institutes. As a sector, proprietary schools account for an estimated 75.3 percent of the total number of noncollegiate schools. That percentage is slightly above the 70.6 percent figure that David Trivett reports using other unpublished NCES estimates.[33]

Table 2 presents the number of schools of each occupational type by their accreditation or approval status. As the table shows, just two-thirds of all proprietary schools are recognized institutions. That is, those students who are eligible for and wish to receive federal financial assistance financial assistance can enroll in only about 5000 of the nearly 8000 schools.[34] Table 2 also reveals that the percentage of recognized schools

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31. Susan E. Johnson, Proprietary Education: A Search of the Literature (Berkeley: Center for Research and Development in Higher Education, Univ. of California, 1974), p. 1; Wellford W. Wilms, "Proprietary and Public Vocational Students," ERIC Research Currents in College and University Bulletin (March, 1974) 26:3; Jack H. Jones, "Proprietary Schools as a National Resource," in The Future in the Making, edited by Dyckman W. Vermilye (San Francisco: Jossey-Bass, Inc., 1973), p. 178; Harold L. Hodgkinson, "Proprietary Institutions: Profitable Lessons?" Chronicle of Higher Education, January 29, 1973.

32. Ibid.

33. David A. Trivett, Proprietary School and Postsecondary Education (Washington, D.C.: American Association for Higher Education, 1974), p. 9.

34. Correspondence school students are eligible for assistance only through the Guaranteed Student Loan Program. U.S. Department of Health, Education, and Welfare, HEW Fact Sheet (Washington, D.C.: U.S. Government Printing Office, 1974).

TABLE 2

Estimated Number of Proprietary Schools by Occupational Type And Accreditation Status

Type of School	Number of Schools	Number of Accredited or Approved*	Percent of Accredited or Approved
Technical/Vocational	586	423	72.2
Technical Institutes	190	161	84.5
Business/Commercial	1632	940	57.6
Cosmetology	2433	1474	60.6
Flight	1861	1331	71.5
Trades	923	509	55.2
Correspondence	152	112	73.5
Hospital	52	47	89.6
Other	118	20	17.0
Total, All Types	7947	5017**	63.1

* Accredited by a group recognized by USOE or approved by a federal agency for financial aid funds.

** The actual total is 5019. The estimated total is due to rounding error.

Source: National Commission on the Financing of Postsecondary Education, Financing Postsecondary Education in the United States, 1973, p. 17 and Gilford, Dorothy M., "The Noncollegiate Sector: Statistical Snapshots of Adult and Continuing Education," 1974, p. 16 (using 1971 data from NCES).

varies considerably by occupational type. Students attending trade schools are eligible for federal financial assistance at only 55.2 percent of the schools. On the other hand, students attending technical institutes are eligible for such assistance at 84.5 percent of the schools.

What emerges from an examination of the first two tables is a realization that differences exist among the institutional types of proprietary schools. Differences in their percentage of the total noncollegiate institutions and in their accreditation status suggest that the various institutional types may not have an impact upon or compete with collegiate institutions in the same way. In order to more clearly observe those differences, it is helpful to establish a typology of institutions based upon the types of programs they offer and on their accreditation or approval status. Such a typology must be prefaced with two caveats. First, there exists very little data or information on the nature of the programs offered in proprietary schools. Little is known about either the level of their training or its effectiveness.[35] Consequently, assigning schools to a typology based, in part, on their level of training, i.e., secondary, postsecondary, is open to some degree of error. That error, in this study, will result from the use of NCES data which may or may not accurately describe the level of proprietary school programs. Secondly, the typology to be developed is also based on the extent to which the collegiate sector offers similar programs and hence is in a competitive position with proprietary schools. Again the similarity of programs between the two sectors has not been adequately assessed.[36] On this latter point, some inferential error will be reflected in this study. In order to infer a level of duplication, the course offerings of both sectors must be examined.

Duplication in the Collegiate Sector

Traditional institutions of higher education, including until recently, community colleges, have not emphasized occupational or vocational education as heavily as other areas of study.[37] In most cases, the programs that have developed require students to take college-level general

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35. Wilms, "Proprietary and Public Vocational Students," p. 6; National Commission, Financing Postsecondary Education, p. 16.

36. Ibid.

37. Grant Venn, Man, Education, and Work (Washington, D.C.: American Council on Education, 1964), pp. 88-89.

education courses and college-level courses in related theory.[38] The programs are normally two years in length and are aimed at preparing students for highly skilled and semi-professional positions.[39] At a somewhat lower level are the semi-skilled or craft training programs that emphasize competence in a manual skill.[40] Where technical education is concerned, the difference between the highly skilled/semi-professional levels and the semi-skilled or craft-level can be represented by the difference between technology and trades.[41] Thornton presents data on the number and type of occupational programs offered in community colleges that suggest that trade or craft-level courses are not extensively offered by community colleges.[42]

Table 3 presents Thornton's data on the occupational programs offered at 751 public and private community and junior colleges in 1965-66. While Thornton listed programs offered by as few as fourteen of the schools, the data in Table 3 include only those programs offered by one hundred or more of the schools. As Table 3 reveals, business-related courses are among the most widely offered programs. Technical-related courses are less commonly offered but, at that, available to a larger extent than are trade-related programs.

Developing a Typology of Proprietary Schools

On the basis of those admittedly dated figures, it is possible to conclude that proprietary schools classified by NCES as "business/commercial," "technical/vocational," and "hospital" are the only institutions in a position to extensively compete with community colleges for students who desire specific programs. The fifty-two proprietary hospital schools, which no doubt compete with community colleges in the training of nurses, account for just 4.1 percent of all noncollegiate hospital schools and

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38. James Thornton, The Community Junior College (New York: John Wiley and Sons, 1972), p. 191.

39. Norman C. Harris, Technical Education in the Junior College (American Association of Junior Colleges, 1964), p. 36.

40. Ibid.

41. Thornton, The Community Junior College, pp. 178-80.

42. Ibid., pp. 183-86.

TABLE 3

Number of Community and Junior Colleges
Offering Occupational Courses, 1965-1966

Type of Course	Number of Colleges	Percent of All Schools in Sample
Business Related		
Secretarial and Clerical	394	52.5
Accounting	159	21.2
Administration and Management	149	19.8
Sales and Retailing	149	19.8
General Business	148	19.7
Data Processing	143	19.0
Technical Related		
Electrical and Electronic Technology	141	18.8
Engineering Technology	112	14.9
Trade Related		
Electricity and Electronics	121	16.1
Miscellaneous		
Nursing (registered)	190	25.3
Drafting	150	20.0
Nursing (practical)	138	18.4
Police Science	100	13.3

Source: Thornton, 1972, pp. 184-85.

cannot be considered a serious source of competition. While trade-related courses are offered by both proprietary schools and community colleges, their infrequency in the latter group of institutions suggests that trade training is not a major area of competition. Flight training and cosmetology did not even appear among the course titles in Thornton's table. On the basis of the data, the areas of duplication between proprietary and collegiate institutions can be inferred for use as one element in a typology of proprietary schools.

A second element in the typology is the accreditation or approval status of institutions. Students for whom federal financial assistance is the determining factor in whether or not they will attend a postsecondary institution will not attend unaccredited or unapproved proprietary schools. Unrecognized schools are therefore in a less competitive position in relation to collegiate and recognized proprietary schools. An examination of the two elements suggests a typology of proprietary schools which features four levels of competition based on the four possible combinations of the two elements. The four levels or classes of institutions are as follows:

Class A Schools: Those schools which may offer programs in competition with the collegiate sector and which are accredited or approved.

Class B Schools: Those schools which may offer programs in competition with the collegiate sector and which are not accredited or approved.

Class C Schools: Those schools which probably do not offer programs in competition with the collegiate sector but which are accredited or approved.

Class D Schools: Those schools which probably do not offer programs in competition with the collegiate sector and which are not accredited or approved.

In Table 4 the various types of schools are assigned to the four classes. Technical/vocational schools, technical institutes, business/commercial schools, and correspondence schools have been asigned to classes A and B on the assumption that they may offer training that competes with that of the collegiate sector.[43] Trade, cosmetology, and flight schools have been assigned to classes C and D on the assumption that few collegiate institutions presently duplicate those offerings. Proprietary hospital schools, due to their small number and the fact that they seem to compete primarily with

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43. Viewing correspondence schools as competitive with collegiate institutions may not be totally justifiable. Apparently most correspondence school students live in small towns (population less than 50,000) where other vocational schools are not available. Ossian MacKenzie, et al., Correspondence Instruction in the United States (New York: McGraw-Hill, 1968), sec. 2, chap. 5, p. 4.

other noncollegiate hospital schools (see Table 1), have also been assigned to classes C and D. "Other" schools, for want of knowledge about their offerings, have been assigned to classes C and D.

As Table 4 shows, only about one out of every five proprietary schools falls within class A of the typology. These 1636 schools are in a competitive or potentially competitive position in relation to the collegiate sector. Class A schools, stated another way, are the only group of schools which are in a good position to attract students who are eligible for federal financial assistance away from traditional institutions. Class B schools, about one out of every ten proprietary schools, are in a position to compete for students with the collegiate sector but not for students who can only attend when financially assisted by federal programs. Together classes A and B account for approximately one-third of all proprietary schools and probably account for nearly all of whatever direct competition exists between proprietary schools and the collegiate sector.

Class C schools do not compete with the collegiate sector for the same students. They do, however, constitute competition of another sort for the collegiate sector. As in the case of class A schools, every federally-assisted student who enrolls in a class C school consumes federal monies. Assuming that the amount of support is limited in the appropriations process, federal dollars channeled into a class A or C school represent lost potential revenue or potential student support for collegiate institutions. In all, 63.1 percent of the proprietary schools, class A and C percentages combined, are in a position to attract federal money that might otherwise go to collegiate institutions. Class D schools, accounting for approximately one-fourth of all proprietary schools, are the only group of institutions that are not in a position to compete for students or for federal monies.

What the typology suggests is that a rather small number of proprietary institutions are presently competing for students with collegiate institutions. That number will increase in time as some class B schools are granted accreditation or approval. Unless colleges duplicate class C and D offerings or the number of class A and B schools rapidly increase, only about one-third of all proprietary schools will compete with the collegiate sector for students. At the same time, 63.1 percent of all proprietary schools are in a position to receive federal monies that might otherwise end up in collegiate coffers.

Rather than attempt to thoroughly assess the nature and extent of the competition and its impact on the basis of the number of schools, it is more helpful to examine the number of students who attend these schools.

TABLE 4

Number of Class A, B, C, and D Proprietary Schools

Type of School	Number	Percent of Class	Percent of All Schools
Class A Schools			
Technical/Vocational	423	25.9	5.3
Technical Institutes	161	9.8	2.0
Business/Commercial	940	57.5	11.8
Correspondence	112	6.8	1.4
Total	1636	100.0	20.6
Class B Schools			
Technical/Vocational	163	17.6	2.1
Technical Institutes	29	3.1	.4
Business/Commercial	692	74.9	8.7
Correspondence	40	4.3	.5
Total	924	99.9	11.6
Class C Schools			
Cosmetology	1474	43.6	18.5
Flight	1331	39.4	16.7
Trades	509	15.1	6.4
Hospital	47	1.4	.6
Other	20	.6	.3
Total	3381	100.1	42.5
Class D Schools			
Cosmetology	959	47.8	12.1
Flight	530	26.4	6.7
Trades	414	20.6	5.2
Hospital	5	.2	.1
Other	98	4.8	1.2
Total	2006	99.8	25.2
Total, All Schools	7947	----	99.9

Source: National Commission on the Financing of Postsecondary Education, Financing Postsecondary Education in the United States, 1973, p. 17 and Gilford, Dorothy M., "The Noncollegiate Sector: Statistical Snapshots of Adult and Continuing Education," 1974, p. 16 (Using 1971 data from NCES).

The Number of Students by Proprietary School Class

As the National Commission has observed, reliable data on the number of students enrolled in the various types of noncollegiate institutions are not available.[44] While there seems to be general agreement that between seven and ten thousand proprietary schools operate in this country,[45] the number of students those schools enroll is a matter of debate. Wilms[46] sets proprietary enrollment at approximately 3.3 million students. That total may, like the Clark and Sloan data cited earlier, include nonoccupational proprietary schools. Belitsky reports a 1966 enrollment total of 1.5 million students while NCES reports that all noncollegiate, accredited or approved institutions enroll just 1.6 million students.[47] If proprietary schools and other noncollegiate institutions are assumed to enroll approximately the same number of students per institution, NCES data would place enrollment in accredited or approved institutions at 1.2 million. If the same average enrollment figure is used to estimate the enrollment of all proprietary schools regardless of their recognition, the NCES data would result in a proprietary school sector enrollment total of approximately 1.8 million students. In the obvious absence of definitive data the 1.8 million estimate will be used to estimate the 1971 enrollment distribution of students among the various types of institutions.

Complicating the task of distributing enrollments among the various occupational types of proprietary schools is the prevailing uncertainty about the enrollment of correspondence schools. Wilms suggests that two-thirds of all proprietary school students are enrolled through correspondence study.[48] Again that figure may be accurate but in all probability includes a large number of enrollments for study at a level that is not considered "postsecondary."

Dorothy Gilford lists the ten largest correspondence schools among the first three thousand responses to NCES; sample of 5,000 noncollegiate

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44. National Commission, Financing Postsecondary Education, p. 16.

45. Wilms, "Proprietary and Public Vocational Students," p. 13; Belitsky, Private Vocational Schools and Their Students, p. 9; Gilford, "The Noncollegiate Sector," p. 16.

46. Wilms, "Proprietary and Public Vocational Students," p. 3.

47. National Commission, Financing Postsecondary Education, p. 16.

48. Wilms, "Proprietary and Public Vocational Students," p. 3.

institutions. The enrollment totals for those ten schools range from a high of 74,062 to 5,382 with an aggregate enrollment of 236,264.[49] Since the tenth largest correspondence school enrolls 5,382 students, it is obvious that the average enrollment of most schools is much lower. With no pretensions to accuracy and only the desire to produce a single figure that will permit further analysis of proprietary school enrollments, an average enrollment of 2,000 students is assumed for the other 142 correspondence schools. The assumed enrollment for those schools (284,000) can be added to the known total for the ten largest schools, 236,264 to produce an estimated total of 520,264 students enrolled through correspondence.

In order to arrive at an estimate of their total enrollment, it is necessary to take into consideration the variance among the sizes of the different occupational types of proprietary schools. The NCES enrollment average for noncollegiate institutions of 228 students is strikingly close to the average enrollments found by Belitsky (221) and by Erwin (230).[50] Both studies, however, exclude consideration of correspondence, flight, and hospital schools. Similarly, neither study differentiates among technical/vocational schools, technical institutes, and trade schools. The Belitsky study does not report the enrollment of cosmetology schools by accreditation status while the Erwin study includes too few unaccredited cosmetology schools for his data on them to be considered reliable.

Using their data and the class typology presented earlier, the enrollments for the various types of proprietary schools are presented in Table 5. While their averages result in similar percentage distributions among the institutional types, the enrollment totals vary considerably. When the estimated correspondence school total enrollment of 520,264 is added to their figures, Belitsky's total becomes 2,035,152 and Erwin's becomes 1,638,874. In excluding flight, hospital, and "other" schools, their estimates have excluded the enrollment of 2031 schools. If it is assumed that those schools enroll an average of even 100 students each, Belitsky's total is increased to 2,238,252 and Erwin's to 1,841,974. Because the Erwin data results in a total enrollment which is closer to the 1.8 million enrollment estimate using NCES data than does the Belitsky data, it will be used supplemented by the assumed enrollments for flight, hospital, "other," and correspondence schools, to estimate the enrollment of all proprietary schools by occupational type and class.

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49. Gilford, "The Noncollegiate Sector," p. 17.

50. Belitsky, Private Vocational Schools and Their Students, p. 9; and J. Michael Erwin, "A Descriptive Study of Selected Private Occupational Schools in Michigan," draft (Ann Arbor, Mich: The Center for the Study of Higher Education, The University of Michigan, 1974), Table I.

TABLE 5

Estimates of Proprietary School Enrollment

Class of Schools	Number of Schools	Enrollment Estimate			
		Belitsky	Percent of All Enrollment	Erwin	Percent of All Enrollment
Class A					
Technical/Vocational	423	202,194	13.2	153,718	13.5
Technical Institutes	161	76,958	5.0	58,507	5.1
Business/Commercial	940	375,060	24.4	383,896	33.7
Total	1524	654,212	42.1	596,121	52.3
Class B					
Technical/Vocational	163	43,684	2.8	22,739	2.0
Technical Institutes	29	7,772	.5	4,046	.4
Business/Commercial	692	207,600	13.5	110,720	9.7
Total	884	259,056	16.9	137,505	12.1
Class C					
Cosmetology	1474	162,140	10.6	98,463	8.6
Trade	509	243,302	15.8	184,971	16.2
Total	1983	405,442	26.4	283,434	24.9
Class D					
Cosmetology	959	105,490	6.9	64,061	5.6
Trade	414	110,952	7.2	57,753	5.1
Total	1373	216,442	14.1	121,814	10.7
Total, All Schools	5764	1,535,152	100.0	1,138,874	100.0

As Table 6 reveals, although they account for only 20.6 percent of the total number of proprietary schools, class A schools enroll 52.4 percent of all proprietary school students. Class B institutions, which like class A schools compete for students with the collegiate sector, enroll a somewhat larger percentage of proprietary school students than their number would suggest. In both cases the large enrollment of correspondence schools, in spite of their small number, seems to account for a major part of the observed difference.

Classes C and D, which do not compete with the collegiate sector for students, enroll 23.0 and 10.0 percent respectively. Thus, while they account for two-thirds of all proprietary institutions, they enroll just one-third of all proprietary students. Classes A and C, the groups which divert federal monies from collegiate institutions, account for 75.4 percent of all proprietary school enrollment.

What emerges from an examination of enrollment estimates using the typology is quite different than the impression given by the distribution of schools among the various classes. Apparently the proprietary school is in a position of competition with the collegiate sector for both students and federal monies. Yet, the analysis thus far has not dealt with the characteristics of students who attend proprietary schools. Analysis of those characteristics should yield an estimate of how many students who are presently attracted to proprietary schools are, in fact, eligible for federal financial assistance.

Characteristics of Proprietary School Students

Data on the age of proprietary school students is somewhat more plentiful than on other characteristics of the schools and their students. Proprietary school students are generally younger than their public school counterparts,[51] although their average age varies by institutional type.[52] There are, in spite of those generalizations, gaps in our knowledge of the ages of students in some types of institutions.

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51. Wilms, "Proprietary and Public Vocational Students," p. 3.

52. Harry V. Kincaid and Edward A. Podesta, "An Exploratory Survey of the Proprietary Vocational Schools," in Research in Vocational and Technical Education, edited by Cathleen Quirk and Carol Sheehan (Madison, Wis.: Center for Studies in Vocational and Technical Education, 1967), pp. 212-19; J. Michael Erwin, "A Descriptive Study of Selected Private Occupational Schools in Michigan," p. 13; and Jean Wolman, et al. A Comparative Study of Proprietary and Non-Proprietary Vocational Training Programs. Vol. I. Final Report. (Palo Alto, Calif.: American Institute for Research in the Behavioral Sciences, 1972), p. 99.

TABLE 6

Estimated Enrollment of Class A, B, C, and D Proprietary Schools

Occupational Type	Number of Schools	Estimated Enrollment	Enrollment as a Percentage of Total
Class A Schools			
Technical/Vocational	423	153,718	8.3
Technical Institutes	161	58,507	3.2
Business/Commercial	940	383,896	20.8
Correspondence	112	368,421	20.0
Total	1632	964,542	52.4
Class B Schools			
Technical/Vocational	163	22,739	1.2
Technical Institutes	29	4,046	.2
Business/Commercial	692	110,720	6.0
Correspondence	40	131,579	7.1
Total	924	269,084	14.6
Class C Schools			
Cosmetology	1472	98,463	5.3
Flight	1331	133,100	7.2
Trade	509	184,971	10.0
Hospital	47	4,700	.3
Other	20	2,000	.1
Total	3381	423,234	23.0
Class D Schools			
Cosmetology	959	64,061	3.5
Flight	530	53,000	2.9
Trade	414	57,753	3.1
Hospital	5	500	.0
Other	98	9,800	.5
Total	2006	185,114	10.0
Total, All Schools	7947	1,841,974	100.0

Source: Personal caluculations of data from: National Commission on the Financing of Postsecondary Education, Financing Postsecondary Education in the United States, 1973, p. 17 and Gilford, Dorothy M., "The Noncollegiate Sector: Statistical Snapshots of Adult and Continuing Education," 1974, p. 16 (using 1971 data from NCES), and Erwin, March, 1974, Table I.

Data on correspondence students are not available that differentiate between the age of students who enroll for secondary-level courses and for those who enroll for postsecondary level courses. Similarly, the age groupings used by the Correspondence Education Research Project (CERP) for the reporting of data are not the same as those used in studies of students in other types of proprietary schools.

According to the CERP study, approximately 69 percent of all correspondence school students are under the age of 40, and 39 percent are under the age of 30.[53] In order to arrive at an estimate of the percentage of students twenty-four or younger, the thirty percent difference between the enrollments of the two groups can be divided by the ten-year age difference. The three percent figure that obtains, multiplied by the difference of five years that exists between the twenty-nine-year-old and twenty-four-year-old group, results in the estimate that 24 percent of all correspondence students are under twenty-four years of age.

Data on the age of students in flight and hospital schools are apparently nonexistent as are data that differentiate among students in technical/vocational schools, technical institutes, and trade schools. Existing data from exploratory studies are uniform in setting the enrollment of proprietary schools at approximately 75 percent in the eighteen- to twenty-four-year old group.[54] One study found statistically significant differences among the institutional types for the variable of student age. That study reports that 68.7 percent of all trade/technical/vocational students, 77.7 percent of all business/commercial students, and 88.0 percent of all cosmetology students are in the 18 to 24 year-old group.[55] Those percentages, along with the 75 percent figure which seems to describe the proprietary sector as a whole, can be used to extrapolate student age distribution for the proprietary schools by occupational type and by class.

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53. Ossian MacKenzie, et al., Correspondence Instruction in the United States (New York: McGraw-Hill, 1968), sec. 2, chap. 5, p. 4.

54. Kincaid and Podesta, "An Exploratory Survey of the Proprietary Vocational Schools," pp. 212-19; Erwin, "A Descriptive Study of Selected Private Occupational Schools in Michigan," p. 13; and Wolman, et al., A Comparative Study of Proprietary and Non-Proprietary Vocational Training Programs, p. 99.

55. Erwin, "A Descriptive Study of Selected Private Occupational Schools in Michigan," Table I.

As Table 7 shows, 47.1 percent of all 18 to 24 year-old students attending proprietary schools attend class A schools. Another 28.2 percent of that age group attend class C schools. In all, just 61.4 percent of all students in proprietary schools are in the 18 to 24 year-old group. Consequently, while they constitute 75.4 percent of all students enrolled in proprietary schools, class A and C schools' students in the 18 to 24 year-old age group account for just 46.2 percent of all proprietary school students. Because younger students are more likely than older students to qualify for assistance,[56] it seems likely that many of the 1.1 million 18 to 24 year-olds may be "eligible students." There are, however, other factors to be considered in estimating the number of proprietary school students who qualify for aid.

In order to qualify for assistance through Basic Educational Opportunity Grants (BEOG) students must be enrolled on a full-time basis. Under the National Direct Student Loan (NDSL), the Supplemental Educational Opportunity Grant (SEOG), the College Work-Study (CWS), and Guaranteed Student Loan (GSL) programs, students must be enrolled at least half-time to be eligible.[57] While comprehensive data are not available on the percentage of students who attend proprietary schools on a half-time basis, apparently some 75 percent of all proprietary school students are enrolled as full-time students.[58] Using that figure, the number of full-time enrollments was calculated for the proprietary schools.

As Table 8 shows, only 54.6 percent of all proprietary school students are enrolled on a full-time basis. The drop of nearly 20 percent from the 75 percent figure is due to the omission of correspondence school students who do not study on a full-time basis. Class A schools, the largest and most competitive group, enroll 24.3 percent of all proprietary school students on a full-time basis. The absence of data on half-time enrollment precludes stating the percentage of students who qualify for the various federal financial aid programs. Therefore, a third factor related to eligibility for financial assistance must be examined.

According to the National Commission, 76.1 percent of all 18 to 24 year-old students attending noncollegiate institutions are in income groups earning less than $15,000.[59] That percentage is substantially higher than

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56. Belitsky, Private Vocational Schools and Their Students, pp. 118-119.

57. HEW Fact Sheet, pp. 1-3.

58. Belitsky, Private Vocational Schools and Their Students, p. 39; Wilms, "Proprietary and Public Vocational Students," p. 44.

59. National Commission, Financing Postsecondary Education, p. 136.

TABLE 7

Estimated Enrollment of Proprietary Schools by Student Age

Occupational Type	Estimated Enrollment	Student Age 18 to 24		Percent of total Enrollment
		Number	Percent of Total 18 to 24	
Class A Schools				
Technical/Vocational	153,718	105,604	9.3	5.7
Technical Institutes	58,507	40,194	3.6	2.2
Business/Commercial	383,896	298,287	26.4	16.2
Correspondence	368,421	88,421	7.8	4.8
Total	964,542	532,506	47.1	28.9
Class B Schools				
Technical/Vocational	22,739	15,622	1.4	.8
Technical Institutes	4,046	2,780	.2	.2
Business/Commercial	110,720	86,029	7.6	4.7
Correspondence	131,579	31,579	2.8	1.7
Total	269,084	136,010	12.0	7.4
Class C Schools				
Cosmetology	98,463	86,647	7.7	4.7
Flight	133,100	99,825	8.8	5.4
Trade	184,971	127,075	11.2	6.9
Hospital	4,700	3,525	.3	.2
Other	2,000	1,500	.1	.1
Total	423,234	318,572	28.2	17.3
Class D Schools				
Cosmetology	64,061	56,374	5.0	3.1
Flight	53,000	39,750	3.5	2.2
Trade	57,753	39,676	3.5	2.2
Hospital	500	375	.0	.0
Other	9,800	7,350	.7	.3
Total	185,114	143,525	12.7	7.8
Total, All Schools	1,841,974	1,130,613	100.0	61.4

Source: Table 6 (see note to Table 6).

TABLE 8

Estimated Full-Time Enrollment of Proprietary Schools

Institutional Type	Estimated Enrollment	Full-Time Students	Percent of Total Enrollment*
Class A Schools			
Technical/Vocational	153,718	115,289	6.3
Technical Institutes	58,507	43,880	2.4
Business/Commercial	383,896	287,922	15.6
Total	596,121	447,091	24.3
Class B Schools			
Technical/Vocational	22,739	17,054	.9
Technical Institutes	4,046	3,035	.2
Business/Commerical	110,720	83,040	4.5
Total	137,505	103,129	5.6
Class C Schools			
Cosmetology	98,463	73,847	4.0
Flight	133,100	99,825	5.4
Trade	184,971	138,728	7.5
Hospital	4,700	3,525	.2
Other	2,000	1,500	.1
Total	423,234	317,425	17.2
Class D Schools			
Cosmetology	64,061	48,046	2.6
Flight	53,000	39,750	2.2
Trade	57,753	43,315	2.4
Hospital	500	375	.0
Other	9,800	7,350	.4
Total	185,114	138,836	7.5
Total, All Schools	1,341,974	1,006,481	54.6

* Total enrollment 1,841,974 includes correspondence schools.

Source: Table 6 (see note to Table 6).

TABLE 9

Estimated Enrollment of Students in Proprietary Schools, By Income

Institutional Type	Estimated Enrollment	Income Below $15,000	
		Number	Percent of Total Enrollment
Class A Schools			
Technical/Vocational	153,718	116,979	6.4
Technical Institutes	58,507	44,524	2.4
Business/Commercial	383,896	292,145	15.9
Correspondence	368,421	280,368	15.2
Total	964,542	734,016	39.8
Class B Schools			
Technical/Vocational	22,739	17,304	.9
Technical Institutes	4,046	3,079	.2
Business/Commercial	110,720	84,258	4.6
Correspondence	131,579	100,132	5.4
Total	269,084	204,773	11.1
Class C Schools			
Cosmetology	98,463	74,930	4.1
Flight	133,100	101,289	5.5
Trade	184,971	140,763	7.6
Hospital	4,700	3,577	.2
Other	2,000	1,522	.1
Total	423,234	322,081	17.5
Class D Schools			
Cosmetology	64,061	48,750	2.6
Flight	53,000	40,333	2.2
Trade	57,753	43,950	2.4
Hospital	500	381	.0
Other	9,800	7,458	.4
Total	185,114	140,872	7.6
Total, All Schools	1,841,974	1,401,742	76.0

Source: Table 6 (see note to Table 6) and National Commission, 1973, p. 136.

TABLE 10

Comparison of Enrollment Percentages for Factors Affecting Proprietary School Students' Eligibility for Federal Financial Assistance

Institutional Type	Students 18 to 24 Years Old	Full-Time Students	Income Below $15,000	Mean
Class A Schools				
Technical/Vocational	5.7	6.3	6.4	6.1
Technical Institutes	2.2	2.4	2.4	2.3
Business/Commercial	16.2	15.6	15.9	15.9
Total	24.1	24.3	24.7	24.4
Class B Schools				
Technical/Vocational	.8	.9	.9	.9
Technical Institutes	.2	.2	.2	.2
Business/Commercial	4.7	4.5	4.6	4.6
Total	5.7	5.6	5.7	5.7
Class C Schools				
Cosmetology	4.7	4.0	4.1	4.3
Flight	5.4	5.4	5.5	5.4
Trade	6.9	7.5	7.6	7.3
Hospital	.2	.2	.2	.2
Other	.1	.1	.1	.1
Total	17.3	17.2	17.5	17.3
Class D Schools				
Cosmetology	3.1	2.6	2.6	2.8
Flight	2.2	2.2	2.2	2.2
Trade	2.2	2.4	2.4	2.3
Hospital	.0	.0	.0	.0
Other	.3	.4	.4	.4
Total	7.8	7.5	7.6	7.6
Total, All Schools	54.9	54.6	55.5	55.0

Source: Tables 7, 8, and 9.

the figure for students in the collegiate sector (65.5 percent) and suggest that a larger proportion of noncollegiate students are likely to qualify for assistance than collegiate students. Using the 76.1 percent figure, the number of students with family incomes below $15,000 was estimated.

Table 9 shows that of the 1.8 million proprietary school students, approximately 1.4 million are in income levels that could allow them to qualify for federal financial assistance. Of that number, approximately one million or 57.3 percent of all proprietary school students are in class A and C schools and thereby eligible for federal financial assistance. Since the $15,000 figure used here is the maximum family income permitted for eligibility, the percentage of students actually receiving aid is probably substantially lower than 57.3 percent.

The preceding examination of student eligibility for federal financial assistance focused on three factors affecting eligibility: student age, enrollment on a full-time or part-time basis, and family income level. In Table 10, the percentage of all proprietary school students is given for each of those three factors. Correspondence school students have been omitted from the table because they do not enroll full-time students. They will not, however, be omitted from all further discussions.

As Table 10 shows, the percentage of students likely to be eligible for federal assistance is quite similar for each of the three factors. The largest difference obtains for the total number of class A schools, a .6 difference between the first and third columns. In the absence of better data and of a way to determine the exact interaction between the factors, the similarity of the three factors' percentages argues for using their means as an estimate of the maximum number of students eligible for student assistance.

III. TYPES OF PROPRIETARY SCHOOL IMPACT

Using the typology and data developed in the preceding section, it is possible to assess the impact proprietary schools would have had on collegiate institutions in 1971. Because recognition was not granted to the schools until 1972, data for the preceding year can be used as a base line data to measure the level of future impact. The level of impact, however, is a function of how competition between the sectors is viewed. That is, competition may be viewed as competition for students per se, as competition for federally-assisted students only, or as competition for both. Therefore, it is difficult to argue that a single level of impact will exist. Rather, depending upon how competition is viewed, several levels of impact will exist. Five views of potential impact and the 1971 level of each are discussed below. For each of the five types of impact, a collegiate sector reaction to the level of impact is assumed.

Total Enrollment Impact

Total enrollment impact derives from viewing all enrollment in the proprietary sector as lost collegiate sector enrollment. That is, a zero-sum game exists in which every student who enrolls in a proprietary school, regardless of the type of training the student seeks, is a student who could have enrolled in a collegiate institution, but is now lost to proprietary schools. While such a view is not totally inaccurate, as the earlier discussion of the availability of occupational education programs points out, only some training programs are duplicated in both sectors. Obviously a great many students have enrolled in proprietary institutions simply because the type of training they desired was not available elsewhere. Consequently, the students have not been lost to proprietary schools as much as they have been driven to them.

Collegiate Sector Action

If the collegiate sector adopts this view of impact, then greater duplication between the sectors will occur. In order to minimize total enrollment impact, collegiate institutions will further duplicate the programs of class A and B schools and at the same time begin to duplicate the programs of class C and D schools.

Conversely, it can be argued that some proprietary schools will begin to offer programs that already exist in nearby collegiate institutions. That argument, however, is not a strong one. Traditionally it has been

the community college which has duplicated proprietary school program offerings resulting in a high initial impact on the latter's enrollment.[60] Deliberately placing themselves in competition with community colleges or other collegiate institutions could result in short-term operating losses. Just as importantly, the proprietary school depends upon its reputation as a means of placing its students and in attracting new students.[61] A new school, lacking a reputation, would seem to be at a genuine disadvantage when going into a market presently cornered by collegiate institutions. In short, it seems likely that where new schools are established, their programs will be geared toward meeting unmet needs.

Monitoring Impact

The critical factor in assessing total enrollment impact can be viewed as the total enrollment of all proprietary schools. As Table 11 shows, 1,841,974 students were enrolled in proprietary schools in 1971, and therefore, lost by collegiate institutions. While any enrollment in proprietary schools can be viewed as having an impact on collegiate enrollment, a more realistic and less begrudging assessment might be made in a somewhat different way. As Table 11 shows, had proprietary school students been enrolled in collegiate institutions in 1971, the lower division enrollment of all public and private institutions would have been 42.9 percent higher than it was. Using that percentage as a given, increases in its value would indicate that proprietary schools are having increased impact on collegiate enrollment.

Total Diverted Assistance

Total diverted assistance impact derives from viewing the enrollment of students eligible for federal assistance as lost collegiate sector enrollment. Given the uncertainties surrounding future federal financing of students, it is not difficult to imagine the enrollment of federally-assisted students becoming a zero-sum game. If student grants are to be high enough to actually permit students who could not otherwise attend college to actually do so, then the federal government may find it necessary to increase the value of the grants while at the same time restricting

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60. Edward W. Erickson, et al., "Proprietary Business Schools and Community Colleges: Resource Allocation, Student Needs, and Federal Policies," in David A. Trivett, Proprietary Schools and Postsecondary Education (Washington, D.C.: American Association for Higher Education, 1974), p. 6.

61. David A. Trivett, Proprietary Schools and Postsecondary Education, p. 21.

the grants to students from only the lowest income families. As increasing numbers of students from lower middle-income families choose to forego postsecondary education rather than to take on substantial debts, students eligible for federal assistance will be more vigorously sought by all institutions.

Collegiate Sector Action

In order to increase its enrollment of low-income students to offset the reduced number of middle-income students it will enroll, collegiate institutions will further duplicate the programs of class A and B schools while beginning to duplicate the programs of class C and D schools.

Monitoring Impact

Because the loss of eligible students, whether or not those students actually consume assistance, can be viewed as affecting collegiate enrollment, the critical factor for assessing total diverted assistance is the number of students who are eligible for assistance in all classes of proprietary schools. As Table 11 shows, in 1971, approximately one-million students (55.0 percent of all proprietary students) may have been eligible for assistance had it been available. Those eligible students would have increased 1971 collegiate lower division enrollment by 24.1 percent.

Diverted Assistance Impact

Diverted assistance impact differs from total diverted assistance impact in that it reflects the view that only those students actually consuming assistance while attending proprietary schools have an impact on collegiate enrollment. Only those students will divert federal assistance that might otherwise support students attending collegiate institutions.

Collegiate Sector Action

If the collegiate sector adopts this view of impact, they may attempt to further duplicate the programs of class A and B schools while beginning to duplicate the programs of class C and D schools. As in the preceding types of impact, such a move would allow collegiate institutions to attract increased numbers of students.

Monitoring Impact

In order to assess diverted assistance impact, only the enrollment of eligible students in class A and C schools must be monitored. Students

attending correspondence schools, because they are ineligible for grants, need not be considered. As Table 11 shows, in 1971, class A and C non-correspondence schools enrolled 768,103 students or 41.7 percent of all proprietary school students. Those students would have increased lower division collegiate enrollment by 17.9 percent.

Eligible Student Impact

Eligible student impact represents a view similar to that of diverted assistance impact except that the former focuses only on the number of eligible students who could have attended collegiate institutions, but instead chose proprietary schools. Eligible students are an especially desirable group to attract because they could be enrolled in programs that are among those traditionally offered by collegiate institutions. Consequently, duplication could be avoided as well as the organizational ramifications of implementing new and different programs.

Collegiate Sector Action

If the collegiate sector adopts this view of impact it may attempt to duplicate the manner in which class A and B proprietary school programs are offered, but probably will not attempt to duplicate the program content of class C and D schools. That is, they may attempt to reduce the length of their programs, and modify program content, and may establish new programs similar to those in class A and B schools, but will not attempt to enter into competition with class C and D schools.

Monitoring Impact

Eligible student impact is assessed by observing the number of eligible students in class A and B schools. In 1971, as Table 11 shows, 554,434 students or 30.1 percent of all proprietary school students were eligible students enrolled in class A and B schools. To assess eligible student impact, changes in the percentage by which their enrollment would have increased collegiate total and the absolute number of students enrolled can be monitored.

Limited Enrollment Impact

Limited enrollment impact focuses on the enrollment in proprietary schools of students who could have attended collegiate institutions. Those students, in class A and B schools, could be enrolled in collegiate sector programs without major programmatic changes.

Collegiate Sector Action

As in the case of eligible student impact, if the collegiate sector adopts the view of proprietary school impact as limited enrollment impact, it may attempt to duplicate the manner in which class A and B programs are offered and to offer some new duplication of those programs. It will not, however, attempt to duplicate the programs of class C and D proprietary schools.

Monitoring Impact

Limited enrollment impact is monitored by observing the total number of students enrolled in class A and B schools. In 1971, 1.2 million students or 67.0 percent of all proprietary school students were enrolled in class A and B schools. As Table 11 shows, that total could have increased collegiate sector enrollment by 28.8 percent in 1971. Limited enrollment impact can be assessed, then, by examining changes in both the total number of students enrolled and the percentage by which those students could increase collegiate sector enrollment.

TABLE 11

Proprietary School Enrollment by Impact Type, 1971

Impact Type	Enrollment	Percentage of Proprietary Enrollment	Percentage of Increase in 1971 Lower Division Collegiate Enrollment
Total Enrollment	1,841,974	100.0	42.9
Total Diverted Assistance	1,013,086	55.0	23.6
Diverted Assistance	768,103	41.7	17.9
Eligible Students	554,434	30.1	12.9
Limited Enrollment	1,233,626	67.0	28.8

Source: Calculation of data in Tables 6 - 10, and National Commission, 1973, p. 253.

TABLE 12

Types of Proprietary School Impact upon Collegiate Enrollment

Type of Impact	Assumed View	Assumed Collegiate Sector Action	Proprietary Enrollment Monitored
Total Enrollment Impact	All enrollment in proprietary sector represents lost collegiate sector enrollment	Duplication of all proprietary school programs	Enrollment in all classes of schools
Total Diverted Assistance Impact	All enrollment in proprietary schools of students eligible for financial assistance represents assistance diverted from collegiate sector students	Duplication of all proprietary school programs	Enrollment of all eligible students in all classes of schools
Diverted Assistance Impact	All enrollment in proprietary schools of students consuming financial assistance represents assistance diverted from collegiate sector students	Duplication of all proprietary school programs	Enrollment of all eligible students in class A and C schools excluding correspondence school students
Eligible Student Impact	All enrollment in proprietary schools of eligible students who could have attended collegiate institutions represents lost collegiate sector enrollment and assistance	Retention of existing programs, limited new duplication	Enrollment of all eligible students in class A and B schools excluding correspondence school students
Limited Enrollment Impact	All enrollment in proprietary schools of students who could have attended collegiate institutions represents lost collegiate sector enrollment	Retention of existing programs, limited new duplication	Enrollment of all students in class A and B schools

The five types of impact (summarized in Table 12) obviously pose differing problems for institutions of higher education. Their assumptions about the nature of future competition and how best to react in the face of that competition vary. At one extreme, all out competition would exist for students and/or financial assistance. Duplication would become widespread. At the other extreme, collegiate institutions would resist the temptation to expand programs and would compete with proprietary schools at a relatively unchanged level. In order to assess how each of the types of impact might in the future affect collegiate institutions, National Commission data for 1980 will be carefully examined.

IV. THE IMPACT OF PROPRIETARY SCHOOLS ON THE COLLEGIATE SECTOR IN 1980

The National Commission has developed and tested an analytical model for evaluating the effects of various financing plans on postsecondary enrollment. The model examines eight alternative financing plans that represent "a range of policy choices extending from . . . plans that would allocate nearly all public support to institutions to . . . plans that would allocate nearly all public support to the students."[62] Those alternatives include five hypothetical plans as well as three plans that are based on the actual proposals of influential groups. The latter includes plans based on one similar to that proposed by the Committee for Economic Development, one similar to the plan recommended by the Carnegie Commission as additions to changes enacted in the Education Amendments of 1972, and a plan based on the major postsecondary education sections of the Amendments.[63]

The National Commission's analytical model can prove of considerable value in an attempt to assess the impact of the proprietary schools' recognition on traditional institutions. The model assumes a level of projected enrollment (NCES projections) then examines the effect on that projected enrollment of the recommended tuition charges and student financial aid proposals contained in each of the alternative plans. Using the enrollment levels it projects for each of the various institutional types, the model makes it possible to gauge, in a much more accurate fashion than before, how noncollegiate and collegiate enrollments might change as a result of the alternative financing plans. Because it defines noncollegiate enrollment as consisting, in part, of students attending recognized proprietary schools, the National Commission's data provide some preliminary answers as to how the recognition of proprietary schools will affect collegiate institutions. Before examining that data, it is necessary to point out that the analysis performed by the National Commission's model is not influenced by possible shifts in the type of training students desire or by any of the other factors outlined in the first section of this study. The difficulty of quantifying those factors and the likelihood that their quantification would not increase the predictive validity of the model has precluded such an attempt here.

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62. The National Commission, Financing Postsecondary Education, p. 259.

63. Ibid., pp. 273-92.

While the National Commission examines eight different financing plans, only four will be examined in the paper. Plan B, modeled on the CED plan, calls for substantial reductions in current institutional aid accompanied by increases in student aid. It recommends a total financing level in 1980 of $48.4 billion and a $2.3 billion reduction in public financing to a level of $26.2 billion. Plan B also calls for tuition at public collegiate institutions to be set at 50 percent of educational costs. Plan C, modeled on Carnegie Commission proposals as supplements to the Education Amendments of 1972, proposes providing proportionately greater increases in student aid than institutional aid. The plan recommends a total financing level in 1980 of $54.4 billion and a $3.5 billion increase in public financing to a level of $32.1 billion.

Plan F, a conceptual rather than actual proposal, proposes shifting a greater responsibility for financing postsecondary education at the lower division from students and their parents. Institutional aid would be increased and aid to students decreased. Tuition charges for the first two years of college would be eliminated. Plan F calls for a 1980 total financing level of $51.0 billion with a $440 million increase in public financing to a total of $29.0 billion.

Plan H, based on the Education Amendments of 1972, proposes increasing both student and institutional aid. The plan recommends a total financing level in 1980 of $55.1 billion. Of that total, public financing would increase by $4 billion to a total of $32.6 billion.

Table 13 shows the model's 1980 enrollment projections for the four alternative plans. Plans C and H would result in nearly identical, large postsecondary enrollment totals. Plan B would result in the largest noncollegiate enrollment while plan F would produce the smallest. In every case, the total enrollment by institutional types, control, and sector represent higher enrollments than those for 1971-72.

Table 13 also shows the absolute and percentage increases that would result from each plan. The increases represent increases in the annual enrollment above the 1971-72 level. As the table shows, total postsecondary enrollment would increase by between 14.5 percent and 18.4 percent. Plan C, the Carnegie Commission proposal, would result in the greatest increases in public sector enrollment while plan B, the CED proposal, would result in the largest increases in private sector enrollment. Public two-year institutions are projected to experience the greatest growth of any of the institutional types, public four-year, upper-division enrollments would increase between 10.9 and 18.5 percent.

As Table 13 shows, the noncollegiate sector would experience substantial growth if any of the four proposals were adopted. Its percentage increases are second only to community college increases for plans B, C, and H. Plan F would result in a percentage increase that is less

TABLE 13

Distribution of Projected Enrollment by Institutional Type Based Upon Recommended Financing, Fiscal 1980

Institutional Type	1971-72 Enrollment Distribution*	1980 Enrollment Distribution											
		Plan B			Plan C			Plan F			Plan H		
			Enrollment Increase			Enrollment Increase			Enrollment Increase			Enrollment Increase	
	Enrollment	Enrollment	Absolute	Percent	Enrollment	Absolute	Percent	Enrollment	Absolute	Percent	Enrollment	Absolute	Percent
Public Two-Year	1,568,810	1,969,098	400,288	25.5	2,175,843	607,033	38.7	2,093,530	524,720	33.4	2,111,916	543,106	34.6
Public Four-Year, Lower Division	1,785,814	1,826,763	40,949	2.3	1,920,137	134,323	7.5	1,800,815	15,001	.8	1,910,667	124,853	7.0
Public Four-Year Upper Division	1,485,358	1,647,169	161,811	10.9	1,759,870	274,512	18.5	1,699,865	214,507	14.4	1,735,562	250,204	16.8
Public Four-Year, Graduate	949,672	1,037,928	88,256	9.3	1,119,149	169,477	17.8	1,114,135	164,463	17.3	1,114,135	164,463	17.3
Total, Public Institutions	5,789,654	6,480,958	691,304	11.9	6,974,999	1,185,345	20.4	6,708,345	918,691	15.9	6,872,280	1,082,626	18.7
Private Undergraduate	1,565,590	1,833,264	267,674	17.1	1,738,685	173,095	11.1	1,736,543	170,953	10.9	1,773,287	207,697	13.3
Private Graduate	513,560	582,665	69,105	13.5	575,263	61,703	12.0	578,270	64,710	12.6	578,270	64,710	12.6
Total, Private Institutions	2,079,150	2,415,929	336,779	16.2	2,313,948	234,798	11.3	2,314,813	235,663	11.3	2,351,557	272,407	13.1
Noncollegiate	1,568,627	1,981,605	412,978	25.8	1,873,530	304,903	19.1	1,783,652	215,025	13.4	1,949,567	380,940	24.3
Total	9,437,431	10,878,492	1,441,061	15.2	11,162,477	1,715,046	18.2	10,806,810	1,369,379	14.5	11,173,404	1,735,973	18.4

*Distribution apportioned to sectors by NCFPE staff estimates.

Source: Personal calculations of data from: Commission on Financing of Postsecondary Education, Financing Postsecondary Education, 1973, pp. 253, 267.

than that for public collegiate institutions but greater than the increases for private collegiate institutions. Obviously the general lack of uniformity of the increases would result in the redistribution of enrollment.

As Table 14 shows, in 1971-72, community colleges garnered 16.6 percent of the total postsecondary education enrollment. Their percentage of the distribution would, however, increase in 1980 to between 17.6 and 19.7 percent of the total enrollment. Those increases would represent changes in the percentage distribution of total enrollment of between 1.0 and 3.1. The institutional type that would see its share of the total enrollment decline the most is the public four-year college at the lower division, a change of between 1.5 and 2.4 percent of the total. To a lesser extent the 1971-72 shares for other collegiate institutions would also be reduced (with the exception of modest increases in the private, undergraduate school's share of the total, according to plan B). The greatest variability among the enrollment changes is shown for the noncollegiate sector. Plan F would maintain that sector's share of total enrollment at the 1971 level while plan B would increase its share by 2.2 percent of the total enrollment.

The data prompt several generalizations about collegiate enrollment changes. First, the four-year public institutions will experience the least relative growth, no matter which plan is implemented. Consequently it would seem to be the institutional type most susceptible to survivalism in its operation. Secondly, as Table 13 shows, in all but plan B, the greatest relative change in enrollment distribution results from increased enrollment in community colleges. The enrollment distributions given for plans C and F in Table 14 show that in spite of an extremely modest increase in the proportion of the enrollment at noncollegiate institutions, the public four-year coleges' share declines as the community colleges' share increases. Third, the noncollegiate sector, which includes recognized proprietary schools, will have little or no effect on the distribution of total enrollment among the institutional types. The largest increase for noncollegiate institutions would be plan B's increase in its share from 16.6 to 18.8 percent of the total enrollment.

According to the National Commission's data, eligibility of proprietary schools under any of the four plans will not affect overall collegiate enrollment as greatly as will community college enrollments. When it is remembered that proprietary schools enroll only about three-fourths of all noncollegiate students, their impact on the distribution of total postsecondary enrollment is even less. While the actual impact of proprietary schools on collegiate enrollment is more complex than these data show, it is clear that as far as enrollment impact on collegiate institutions is concerned, community colleges not proprietary schools will effect a redistricution in total enrollment.

TABLE 14

Distribution (By Percentage) of Total Projected Enrollment by Institutional Type

Assuming $1.5 Billion Additional Public Financing, Fiscal 1980

Institutional Type	1971-72 Enrollment Distribution	Plan B		Plan C		Plan F		Plan H	
		Distribution	Change	Distribution	Change	Distribution	Change	Distribution	Change
Public Two-Year	16.6	17.6	1.0	19.7	3.1	19.2	2.6	19.3	2.7
Public Four-Year, Lower Division	18.9	16.5	-2.4	17.4	-1.5	16.7	-2.2	17.3	-1.6
Public Four-Year, Upper Division	15.7	15.2	- .5	15.7	.0	15.7	.0	15.6	- .1
Public Four-Year, Graduate	10.1	9.1	-1.0	10.2	.1	10.3	.2	10.1	.0
Total, Public Institutions	61.3	58.4	-2.9	63.0	1.7	61.9	.6	62.3	1.0
Private Undergraduate	16.6	17.6	1.0	15.1	-1.5	16.2	- .4	15.4	-1.2
Private Graduate	5.4	5.1	- .3	5.2	- .2	5.3	- .1	5.3	- .1
Total, Private Institutions	22.0	22.7	.7	20.3	-1.7	21.5	- .5	20.7	-1.3
Noncollegiate	16.6	18.8	2.2	16.7	.1	16.6	.0	17.7	.5
Grand Total	99.9	99.9	---	100.0	---	100.0	---	100.1	---

Source: Personal calculations of data from: National Commission, Financing Postsecondary Education, 1973, pp. 253, 298.

The National Commission also projected enrollments assuming a $1.5 billion increase in public financing. Those data, with the exception of data for plan B, show that noncollegiate enrollment would increase at approximately the same or at a lower rate if additional public monies were added to each of the four proposals. Since the purpose, here, is to assess maximum impact, those data will not be examined. Similarly, further examination of plans C and F will not be undertaken because, as the earlier discussion suggested, plans C and F project the most modest increases in noncollegiate enrollment. Further analysis of National Commission data will thus focus on plans B and H, the two that would result in the largest enrollment totals in the noncollegiate sector. The inclusion of plan H is significant in that it is based on the Education Amendments of 1972 and is consequently the more likely of the two to be in effect in 1980.

While the National Commission's data suggest that proprietary schools, as a segment of the noncollegiate sector, will have less impact on the redistribution of collegiate sector enrollment than will community colleges, the collegiate sector may be more sensitive to redistributions effected externally than internally. That is, the higher education community seems to have been prepared for the community college's impact by the decade or more of its rapid growth. Community colleges, just as importantly, are part of higher education and, therefore, their gains represent gains for higher education. Proprietary schools, on the other hand, are viewed as a competitor with higher education. Consequently, gains in proprietary school enrollment will not be ignored simply because they are less than those for the community college. The collegiate sector's view of proprietary school impact will, then, approximate one of the five types of impact presented earlier. Distributing the 1980 proprietary school enrollment among the institution in the proportions as 1971, it is possible to assess the various types of impact in some detail.

Total Enrollment Impact

The view that the entire enrollment of all proprietary schools represents lost enrollment for collegiate institutions would, as Table 15 shows, produce a 1980 "lost enrollment" of approximately 2.3 million students under either of the two financing plans. While in 1971, the enrollment of proprietary schools would have increased lower-division undergraduate enrollment by just 42.9 percent, by 1980 it could increase their enrollment by between 47.3 and 48.1 percent. In the very unlikely event that collegiate institutions could attract all proprietary school students, the nation's 2686 collegiate institutions[64] could increase their enrollments by approximately 860 students per institution by 1980. To do that, of course, the assumption is that collegiate institutions would

64. Ibid., p. 15.

TABLE 15

Proprietary School Enrollment by Impact Type, 1980

Type of Impact	1971 Enrollment Projection		1980 Enrollment Projection			
			Plan B		Plan H	
	Enrollment	Percentage Increase Lower Division College Enrollment	Enrollment	Percentage Increase Lower Division College Enrollment	Enrollment	Percentage Increase Lower Division College Enrollment
Total Enrollment	1,841,974	42.9	2,326,999	48.1	2,289,377	47.3
Total Diverted Assistance	1,013,086	23.6	1,279,721	26.5	1,259,030	26.0
Diverted Assistance	768,103	17.9	970,392	20.1	954,703	19.7
Eligible Student	554,434	12.9	700,497	14.5	689,172	14.3
Limited Enrollment	1,233,626	28.8	1,558,334	32.2	1,533,139	31.7

Source: Personal calculations of data from: Table 11 and National Commission on the Financing of Postsecondary Education, Financing Postsecondary Education in the United States, 1973, p. 267.

completely duplicate the programs of all proprietary schools. While there seems to be no data on the total number of different types of programs offered in proprietary schools, the number probably is in the hundreds. Consequently, it does not seem like total duplication by all collegiate institutions would result in enough increased enrollment to justify the number of programs which would have to be supported. This does not, however, mean that viewing proprietary school impact as enrollment impact will not result in duplication.

Because community colleges are projected to experience substantial increases in existing programs, it seems unlikely that they will find it necessary to further duplicate proprietary schools' programs. Assuming that they do not, the 2.3 million students could become potential students for lower-division public and private collegiate enrollment. Those nearly two-thousand institutions could then conceivably increase their enrollment by over 1100 students by 1980. While total duplication still seems impractical, a potential increase of that size could surely be viewed as a tempting figure.

Based on the assumption that total enrollment impact is or becomes the prevailing view of the higher education community toward the potential impact of proprietary schools, the following conclusions can be made:

1. Community colleges, because they will experience growth in any event, probably will not attempt broad-scale duplication of proprietary school programs.

2. Public and private undergraduate schools, because they will not experience substantial growth and because of the substantial growth they could experience by doing so, probably will attempt to duplicate many of those course offerings now offered by proprietary and noncollegiate institutions.

Total Diverted Assistance Impact

Table 15 shows, approximately 1.3 million proprietary school students would be eligible for federal financial assistance if students from low-income levels enrolled in the schools at the same rate that they did in 1971. Table 16 suggests, however, that the number of low-income students enrolled in postsecondary education will increase substantially as a result of either of the plans. The Education Amendments of 1972 (plan H) would result in 263,348 new students, with family incomes below $15,000, enrolling in postsecondary education. If large numbers of those students enroll in proprietary schools, as they did in 1971, well above 1.3 million low-income students might be enrolled in proprietary schools by 1980. It seems likely, however, that given increased access by the higher level of aid called for by the two plans, many of the low-income students who would have attended proprietary schools will instead attend collegiate institutions.

TABLE 16

Change (From Current Financing Projection) in

Undergraduate Enrollment by Family Income

Undergraduate Enrollment by Family Income	Plan B Projected Level	Plan H Projected Level
Less than $10,000	175,400	233,634
$10,000 to $14,999	- 41,435	29,713
$15,000 and over	- 61,894	0
Net Change ($14,999 and less)	133,965	263,349
Net Change	72,071	263,348

Source: Personal calculations of data from: The National Commission, Financing Postsecondary Education, p. 266.

Using the 1.3 million enrollment figure, if student grants were to average $750 a year, about one-half their maximum, proprietary school students could consume nearly $10 million in federal assistance. That total exceeds the total federal student aid called for by the CED proposal, plan B, and is over one-half of the Education Amendments of 1972 (plan H) total.[65] The potential amount of support lost to collegiate institutions and the 1.3 million students who would consume that assistance would be further impetus for many institutions to duplicate noncollegiate sector programs in order to attract eligible students.

As the earlier discussion of total diverted-assistance impact suggested, the new higher tuition costs would reduce the number of middle-income students who would be enrolled in collegiate institutions thereby encouraging the colleges and universities to attract more low-income, eligible students. Again, however, the community college's growth rate seems to preclude the need for it to attract students who might otherwise attend proprietary schools. Consequently, if the community college does not expand its program offerings, four-year collegiate institutions could bolster sagging enrollment and revenue by duplicating proprietary school programs in the hope of attracting students. The 1.3 million students who could conceivably be attracted would represent an average increase of over 600 students by 1980. Based on the data, it seems likely

65. The National Commission, Financing Postsecondary Education, p. 265.

that viewing proprietary school impact as total diverted-assistance impact will result in the following:

1. The proportion of low-income students will increase in collegiate institutions except for remaining at their present level or declining in community colleges.

2. Private two-year and four-year institutions and public four-year colleges will further duplicate the course offerings of proprietary schools.

Diverted Assistance Impact

Diverted assistance impact differs from total diverted-assistance impact in that it views only those eligible students who attend approved or accredited proprietary schools as diverting assistance from collegiate institutions. As Table 15 shows, just under one million students would be enrolled in those schools in 1980 under either of the assistance plans. As pointed out in the preceding section, that number is likely to be somewhat larger because the plans increase access to low-income students above what it was in 1971, the year on which the distribution of eligible students was based. Similarly, while it was not a reason for concern in the two preceding types of impact, it seems likely that a sizeable number of class B schools will become class A schools thus further increasing the proprietary sector enrollment shown in Table 15.

Should one million or more eligible students actually be enrolled in accredited or approved proprietary schools, they could conceivably consume a sizeable amount of federal assistance. If their grants averaged just $750 a year, the students would consume $750 million in federal assistance. That total represents over three-fourths of the federal assistance for students called for by plan B in 1980, and just under one-half of the total for plan H. Those totals seem likely to encourage major concern about the collegiate sector's ability to attract lower-income students.

While it was assumed that diverted assistance impact will not cause institutions to duplicate class C and D proprietary schools, the impetus to do so appear great. Assuming, however, that they do not duplicate those programs, collegiate institutions seem likely to do one of two things. First, they may choose not to attempt to attract large numbers of students--in which case their enrollment totals probably would be very much as projected by the two plans. Or, secondly, they may choose to expand programs similar to those offered in class A and B schools. If they choose the first alternative, they will continue to attract their traditional clientele as well as some new lower-income students. Enrollment growth will be small. If, on the other hand, they expand their

programs, they may succeed in attracting large numbers of the new students to their new programs. In that case, the composition of their student body could be drastically altered. Based on the data, it seems likely that viewing proprietary school impact as diverted assistance impact will result in the following:

1. Programs of the type presently offered by collegiate institutions may be expanded but duplication of programs offered by class C and D schools will not be undertaken.

2. Low-income students will not be attracted to collegiate institutions in the same proportion in which they are attracted to postsecondary education. That is, lower-income students will be either over-represented or under-represented in the enrollments of collegiate institutions.

Eligible Student Impact

Eligible student impact represents the view that eligible students who enroll in class A and B schools represent enrollment lost and financial assistance diverted from the collegiate sector. These are the students who conceivably could enroll in collegiate institutions to obtain programs similar to those available at proprietary schools. As Table 15 shows, approximately 700,000 students will be included in this group. The assistance lost to collegiate institutions, computed as before, would be just over $500 million. Because of the large number of students and the amount of financial assistance for which they may be eligible, this view of impact would result in a high level of competition for students who could be attracted to programs like those offered in class A and B schools. (Duplication of class C and D school programs is precluded in the definition of eligible student impact on page 33.)

Because community colleges already duplicate those programs to a greater extent than do other collegiate institutions, it seems likely that private two-year and four-year institutions and public four-year colleges will be the most ambitious in their efforts to duplicate class A and B programs. At the same time, it is they, rather than community colleges who need to attract new students. As in earlier cases, it thus appears likely that the composition of the student bodies of those institutions will undergo substantial change. Based on the data, it seems likely that viewing proprietary school impact as eligible student impact will result in the following:

1. Programs of the type presently offered by collegiate institutions may be expanded but duplication of programs offered by class C and D schools will not be undertaken.

2. Large numbers of low-income students will be sought (recruited) for enrollment in two-year and four-year private institutions and in four-year public colleges.

Limited Enrollment Impact

This type of impact represents the view that all enrollment of students in proprietary schools that duplicate collegiate sector programs represents lost enrollment for collegiate institutions. As Table 15 shows, approximately 1.5 million students will be enrolled in those proprietary schools in 1980. That total represents a 31.7 to 32.2 percent potential increase in collegiate sector enrollment. Thus, students in class A and B proprietary schools represent a large enough potential enrollment to spur increased collegiate sector duplication of proprietary school programs. As in the other views of impact, if the collegiate sector competes successfully, large numbers of low-income students would be enrolled in their institutions. Based on the data, it seems likely that viewing proprietary school impact as limited enrollment impact will result in the following:

1. Duplication of programs presently offered by both class A and B proprietary schools and collegiate institutions will increase.

2. Low-income students will be attracted to collegiate institutions in increasing numbers.

The types of impact just discussed are based on differing assumptions about how those in the higher education community will view and react to the competition of proprietary schools for enrollment and financial aid assistance. Clearly the impact types are artificial constructs and the collegiate sector's reaction to the potential impact of proprietary schools may approximate all or none of the impact types. The intent has been simply to show that attempting to assess the impact of proprietary schools is extremely complex. That complexity, as the impact types show, derives from differing estimates of the number of students for whom collegiate institutions may compete.

A Sixth View of Impact

One additional view of impact merits examination at this time. The five impact types discussed thus far represent survivalistic views toward proprietary schools. That is, they assume they are intended to represent the points of view of collegiate leaders seemingly confronted by a threat to their institutions' survival. It is possible, if not essential, to postulate an entirely different point of view.

Proprietary school representatives, budget-conscious government officials, and leaders of well-established, prestigious colleges and universities seem unlikely to view the proprietary school's impact in the same way that leaders of less well-established, two- and four-year colleges may. Because they seem not to be adversely affected by proprietary gains, they will probably expect and accept proprietary school enrollment increases that match or exceed collegiate sector gains.

This sixth view of impact may very well represent the view held by a substantial proportion of persons involved in state-level decision making for postsecondary education. If such is the case, then state coordinating agencies will probably most carefully monitor the enrollment and programs of, and the assistance channelled to only those recognized proprietary schools that may duplicate the programs of collegiate institutions. Those institutions will be the group with the most to risk in the program review process. They are the institutions which will seek to curb collegiate duplication of their programs and to qualify and remain eligible for state-financial student assistance, degree reimbursement, and contractual training programs. As their involvement in the statewide planning process increases, they will find it necessary to supply decision makers with more and more information about their operations. The schools (class A proprietary institutions) are quite likely, in fact, to be almost the only group of profit-making schools closely watched by the agencies.

The majority of class C and D schools, the sole exception being some trade schools, are not typically under the supervision of education authorities.[66] In Michigan, as an example, cosmetology and hospital training schools are licensed by the Department of Licensing and Regulation and flight schools by the Department of Commerce. In Michigan's case, representatives of neither the institutions nor the licensing agencies are included in the advisory council structure that has input into state planning. Similarly, correspondence schools are unlikely to garner much attention at the state level. Because their instruction is offered on a national basis, state level agencies seem unlikely to closely monitor their enrollments.

In order to assess this narrower, nonsurvivalistic view of proprietary school impact, it is necessary to briefly reexamine the National Commission's data. As it was pointed out earlier, plans B and H will result in similar 1980 enrollment totals. Assuming that plan H (proposals of the Education Amendments of 1972) prevails, noncollegiate

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66. U.S. Congress, Senate, Education Amendments of 1972, May, 1972, p. 89.

enrollment will increase 24.3 percent (see Table 13, page 39). As Table 17 shows, class A proprietary schools' enrollment will increase from 596,121 in 1971 to 740,835 in 1980. Collegiate sector enrollment for the same period will increase to a level nearly equaling the 1971 total for all of postsecondary education. The collegiate sector's share of total postsecondary education enrollment will remain almost unchanged--an actual drop from 83.4 percent in 1971 to 82.6 percent in 1980.

TABLE 17

Enrollment of Class A Proprietary Schools and Collegiate Sector, 1971 and 1980

Institutional Type	1971 Enrollment	Percent of Total Postsecondary Enrollment	Plan H 1980 Projected Enrollment	Percent of Projected Total Postsecondary Enrollment
Class A Proprietary Schools	596,121	6.3	740,835	6.6
Collegiate Sector	7,868,804	83.4	9,223,837	82.6
Total Post-secondary Education	9,437,431	---	11,173,404	---

Source: Tables 5 and 11.

While the collegiate sector's share of enrollment totals would decline slightly, that decline will appear largely unrelated to gains by monitored proprietary schools. Their enrollment increases will, in fact, go largely unnoticed. The increase between 1971 and 1980 will be just 144,714 or an annual increase of about 16,000 students. Since enrollments will be monitored at the state level, the average state share of those 16,000 students will be just 320. Policy makers seem highly unlikely to be disturbed by that total.

V. SUMMARY AND CONCLUSIONS

Proprietary schools, their operation, and their students have been largely ignored by the higher education community. Such might still be the case were it not for federal recognition of the schools at a time when trends in postsecondary education seem to run counter to the interests of many collegiate institutions. To some extent, those trends suggest that the impact of proprietary schools on collegiate institutions will be great. A growing proportion of young adults seem to be more concerned with career preparation than in obtaining liberal education. Federal assistance may permit low-income students to choose among area institutions instead of among programs at the local community college. 1202 Commissions will tend to curb collegiate duplication of proprietary school programs. The total effect of these trends would clearly be significant for the survival of many collegiate institutions were it not for other trends, too rarely noted by educators, that may lessen the impact of proprietary schools.

Like other institutions offering primarily low-status occupational programs, proprietary schools seem likely to lose some of their traditional clientele to collegiate institutions as the latter expand their occupational programs. Increased state and federal regulation of proprietary schools may soon reduce the recruitment edge that these schools presently seem to enjoy. Spiraling inflation will force proprietary schools to increase tuition while their publicly subsidized competitors maintain relatively low tuition rates in spite of their rising costs. In short, rather than flourishing, proprietary schools may soon be fighting for survival.

Whatever ultimate effect these trends may have on postsecondary education, adequate information does exist about the schools, their programs, and their students to permit analysis of the proprietary schools' impact on collegiate institutions. This analysis focuses on three factors which will largely determine that impact. First, the nature and extent of the proprietary schools' present competition with collegiate institutions is examined. Estimates are made of the number of schools and of their students. Those totals are distributed, depending upon the type of programs the schools offer and upon their recognition status, to four classes of proprietary schools. Second, differing collegiate-sector views of the proprietary school "threat" are assumed, and differing collegiate-sector responses to that threat are postulated. Using 1971 enrollment estimates for the proprietary and collegiate institutions, prerecognition levels of impact are established. Third, the probable impact of the schools is assessed given projected levels of postsecondary enrollment and of federal financing of postsecondary education.

An analysis of those factors has resulted in the following major findings and conclusions:

1. Most proprietary schools do not compete for students directly with colleges.

While occupational programs are becoming commonplace in all segments of higher education, they are found in the greatest number in community colleges. Of the estimated 8,000 proprietary schools operating in the United States, fewer than one in three offers the kind and level of programs available at the typical community college. The type of preparation most frequently available at both types of institutions--secretarial and clerical training--is, in fact, offered by just one-half of all two-year colleges and only one-fifth of all proprietary schools.

The majority of proprietary schools will not compete with collegiate institutions unless the latter begin to offer programs which have been traditionally regarded as noncollegiate in nature. More specifically, over one-half of all proprietary institutions are cosmetology or flight training schools. Unless the collegiate sector begins to offer those types of training, it will have to compete with fewer than 4000 of the 8000 proprietary schools.

2. Few proprietary schools are presently in a position to attract federally-assisted, low-income students who might otherwise attend collegiate institutions.

One of the assumptions underlying the idea of a proprietary school threat seems to be that recognized schools will attract federally-assisted, low-income students who, because they otherwise could not afford to attend proprietary schools, would have attended the less expensive collegiate institutions. Seeming to reinforce that fear is the fact that two out of every three proprietary schools are recognized. However, just one school in five is both recognized and offers programs available in the collegiate sector.

The 16000 or so proprietary schools which can attract students away from collegiate institutions may, of course, be joined by others as new schools are established and as others gain accreditation. New schools, however, probably will not attempt to duplicate existing proprietary and collegiate programs but will instead offer programs for which unmet needs exist. The extent to which collegiate institutions fail to identify those needs before proprietary schools do so will largely determine the impact any new schools might have.

3. The proprietary schools' greatest potential impact may result from their ability to divert federal assistance, not students, from collegiate institutions.

Although proprietary school enrollment will increase by nearly one-half million students during the 1970's, even greater enrollment

gains will be made in the collegiate sector. When proprietary school enrollment is viewed relative to lower-division collegiate enrollment, proprietary school gains appear modest. In 1971, the students attending these schools could have increased lower-division enrollment by 43 percent had they instead attended collegiate institutions. In 1980, that figure will be approximately 48 percent. More importantly, enrollment in those proprietary schools which offer programs also available in the collegiate sector will increase by just 300,000 students, a total that in 1971 was 29 percent of lower-division enrollments; and that in 1980 will be 32 percent.

Greater than their impact on collegiate enrollment is the proprietary schools' ability to divert federal assistance away from collegiate institutions. Should the proportion of proprietary school students who are from low-income families remain at or near the 1971 level, about one proprietary student in three will be eligible for federal financial assistance. If their assistance averaged just $750 a year, the students would consume approximately one-third of the total federal assistance projected for use by postsecondary students in 1980. Proprietary school students would thus garner an amount of assistance which, if upper limits are placed on federal spending, could substantially reduce the assistance available to the traditional clientele of collegiate institutions. Middle income students may be forced to borrow or to forego college attendance as assistance is increasingly channeled to low-income students attending proprietary schools.

4. Private and public four-year institutions will become subject to increased pressures for the expansion or establishment of comprehensive sub-baccalaureate degree occupational programs.

Community colleges, along with proprietary and other noncollegiate institutions, will absorb much of the enrollment growth that occurs during the 1970's. Their emphasis on occupational training, their traditional appeal to low-income students, and federal assistance channeled to the most needy students will result in their garnering over one-half of the enrollment increase that occurs in postsecondary education.

The lowest rates of growth will occur among private and public four-year institutions. As middle-income students are squeezed out, many four-year colleges and universities will find it increasingly tempting to establish sub-baccalaureate degree programs which duplicate many of the proprietary schools' present offerings. Such duplication might allow the institutions to survive but could drastically alter the nature of the institutions' goals, their faculties, and their overall operations.

Traditional four-year institutions if they decided to compete with proprietary schools, would have to duplicate not only the training offered by these schools, but also the way in which it is offered. Training

programs would have to be of short duration, oriented toward the development of manipulative rather than cognitive skills, and available for student enrollment at frequent times throughout the year.[67]

Since the requirement that they take general education courses is one of the reasons most often given by proprietary school students for not attending community colleges,[68] collegiate institutions will be unable to enroll students in those less expensive courses, thereby offsetting the greater expense of the occupational programs. At the same time, lower division costs would increase resulting in reduced support for upper-division programs. The loss of that support seems likely to further accentuate the "quality distress" of many institutions.

Because present faculty seem unlikely to be qualified to teach in occupational programs, new faculty will have to be sought at the very time when other faculty are being released. A wave of new faculty, not necessarily possessing the traditional credentials of the existing faculty, seems likely to further stimulate internal dissatisfaction. The possible loss of institutional prestige, the development of barriers to effective communication due to blatant status differences, and a further thinning out of institutional resources all seem probable consequences of attempts at duplication.

Moreover, duplication of proprietary school training programs would contribute to the increasing homogeneity of higher education and to the "crisis of purpose" both within institutions and within higher education in general. Divergence among the goals of faculty could increase, with a probable concomitant increase in institutional immobility. Although the social inequities that some persons feel result from channelling low-income students into community colleges and non-collegiate institutions would be lessened, it is not clear that social equity is best served if four-year colleges attempt, perhaps unsuccessfully, to do what other types of institutions are already doing successfully.

5. Collegiate institutions must explore alternatives to the duplication of proprietary school programs if they are to minimize impact.

Six different views of proprietary school impact are postulated in this analysis. For each of the views, a projection is made of the total number of students for whom collegiate and proprietary schools will compete. What is common to five of the views is the assumption

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67. David A Trivett, Proprietary Schools and Postsecondary Education (Washington, D.C.: American Association for Higher Education), pp. 26-30.

68. Ibid., pp. 16-17.

that collegiate institutions will attempt to expand occupational programs in an attempt to meet competition from the proprietary schools. In some cases it is easy to justify such a response given the proprietary schools' level of impact. In other cases, it is most difficult.

A sixth view of impact is postulated as the view likely to be taken by state planning and coordinating agencies. Acceptance of this view will result in planners seeing only modest proprietary school enrollment increases where collegiate leaders may envision substantial gains for these schools. Therefore, while colleges seek to duplicate proprietary school programs, state agencies may attempt to prevent what appears to be needless duplication of existing programs. Given state agency opposition, collegiate institutions can pursue one of three courses--expansion of occupational programs, maintenance of the status quo, or expansion of non-occupational programs.

Expansion of occupational programs may or may not necessitate duplicating proprietary school programs. The data presented in this study suggest that, to the extent that four-year colleges expand technician rather than trade-level programs, collegiate institutions can avoid duplication of proprietary school programs. The data also suggest, however, that such expansion will place collegiate institutions in a position of greater competition from other sources.

That four-year public and private college expansion of technician-level programs will place them in greater competition with two-year colleges is obvious. It is less obvious that such expansion will place the colleges in competition with large numbers of noncollegiate institutions. Public and private institutions offering technical level programs outnumber their proprietary competitors. Fully 96 percent of all hospital schools, 55 percent of all technical institutes, and 41 percent of all technical/vocational schools are publicly or privately controlled. In short, as four-year institutions attempt to expand their programs, either in technical or trade-level preparation, they will encounter competition from other types of institutions and, inevitably, pressure from statewide planning and coordinating agencies to avoid program duplication.

Maintenance of existing occupational programs, with expansion into related fields, seems a wiser course than all-out expansion. The data presented in this study derive from a projection of enrollment in existing types of programs at collegiate institutions. Those projections show the effect of institutions pursuing a maintenance tactic. Community and junior colleges, by maintaining their current emphasis on two-year rather than shorter programs, will experience an increase in their enrollment by between 25 and 40 percent by 1980. Therefore, they have little genuine need to pursue an expansionist tactic.

Public and private four-year institutions will have a need to expand programs if they are to maintain enrollment at or near their existing levels. A maintenance tactic, if purused by these institutions, would result in such a modest enrollment increase, marked by annual fluctuations and declines at some institutions, that it seems unlikely to be viewed as a viable alternative to expansion. There is, however, an alternative to expansion of occupational programs and maintenance of the status quo.

Expansion of continuing education programs clearly sidesteps many of the institutional problems associated with expanding or simply maintaining existing programs. As pointed out earlier, new career demands will emerge in the last quarter of the twentieth century that suggest discrete roles for proprietary and collegiate institutions. Proprietary schools will retrain their students for entry-level competence in new occupations, while collegiate institutions update and refine the skills of employed semi-professional and professional-level students.

The potential for attracting new segments of the population to collegiate institutions is not limited to career-oriented continuing education programs. According to Cyril Houle, there are nearly twelve million American adults who have completed between one and three years of college.[69] Many or most of those twelve million adults are promising candidates for enrollment through external degree programs.

A recent study of "learners" and "would-be learners" among the adult population suggests that greater emphasis on meeting adult learning needs could result in substantial enrollment gains for many of those institutions with the greatest need for enrollment increases. While community colleges are the type of institution preferred for attendance by the largest number of adults, nearly eight million, fully six million would prefer to attend public and private four-year colleges.[70] Fewer than one-half of all would-be learners surveyed desire occupational training. Most prefer such areas of learning as general education, personal development, public affairs, and religious studies.[71] While many adults will never enroll in higher education no matter what institutions do to encourage them, clearly a large number of adults have learning needs or desires that could be met by collegiate institutions.

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69. Cyril O. Houle, "The Potential Audience for the External Degree," Journal of Higher Education, (June, 1973) 44:429.

70. Abraham Carp, et al., "Learning Interests and Experiences of Adult Americans (Princeton: Educational Testing Services, 1973), p. 22.

71. Ibid.

Focusing on the provision of adult nonoccupational, adult learning would seem to have benefits for collegiate institutions in addition to the obvious possibility of increasing enrollment. The programs are unquestionably less expensive to offer than occupational courses. At the same time, programs or courses could be devised which would be consistent with the interests and capabilities of faculty who might otherwise have to be released. The large number of would-be learners suggests that the programs they desire are not currently offered and would therefore, presumably encounter little resistance to their implementation from state-level planning commissions. In many cases, as in the case of those who have had some college education already, the new adult students' capabilities and interests would represent a better match with collegiate capabilities than would attracting low-income and educationally disadvantaged students.

In the final analysis, the impact proprietary schools will have on higher education will be largely determined by how collegiate leaders respond to the proprietary school "threat." Imitation of their ability to respond quickly to learner needs, rather than imitation of their programs, will minimize the proprietary schools' impact on collegiate institutions.

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